

OPEN MEETING ITEM



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COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE



ARIZONA CORPORATION COMMISSION

ORIGINAL

DATE: DECEMBER 3, 2008

DOCKET NO: S-20482A-06-0631

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc E. Stern. The recommendation has been filed in the form of an Order on:

EDWARD A. PURVIS; MAUREEN H. PURVIS; GREGG L. WOLFE; ALLISON A. WOLFE; NAKAMI CHI GROUP MINISTRIES INTERNATIONAL; JAMES W. KEATON JR.; JENNIFER KEATON; and ACI HOLDINGS, INC.
(NOTICE OF OPPORTUNITY)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

DECEMBER 12, 2008

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

TO BE DETERMINED

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

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AZ CORP COMMISSION
DOCKET CONTROL


BRIAN C. McNEIL
EXECUTIVE DIRECTOR

Arizona Corporation Commission
DOCKETED

DEC - 3 2008

DOCKETED BY 

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MIKE GLEASON, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 KRISTIN K. MAYES
7 GARY PIERCE

8 IN THE MATTER OF:

DOCKET NO. S-20482A-06-0631

9 EDWARD A. PURVIS and MAUREEN H. PURVIS,
10 husband and wife
11 1231 West Shannon
12 Chandler, Arizona 85224

DECISION NO. _____

13 GREGG L. WOLFE and ALLISON A. WOLFE,
14 husband and wife
15 2092 West Dublin Lane
16 Chandler, Arizona 85224

17 NAKAMI CHI GROUP MINISTRIES
18 INTERNATIONAL, (a/k/a NCGMI), a Nevada
19 corporation sole
20 4400 North Scottsdale Road, Suite 9-231
21 Scottsdale, Arizona 85251

22 JAMES W. KEATON, Jr. and JENNIFER
23 KEATON, husband and wife
24 11398 East Whitehorn Drive, Apt. D
25 Scottsdale, Arizona 85255

26 ACI HOLDINGS, INC., a Nevada corporation
27 17650 North 25th Avenue
28 Phoenix, Arizona 85023

Respondents.

ORDER

Open Meeting
December 16 and 17, 2008
Phoenix, Arizona

BY THE COMMISSION:

On October 3, 2006, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, Order for Restitution, for Administrative Penalties and for other Affirmative

1 Action ("Notice of Opportunity" or "Notice") in the matter against Edward Anthony Purvis, Maureen
 2 H. Purvis, Gregg Lawrence Wolfe, Allison A. Wolfe, Nakami Group Ministries (a/k/a NCGMI)
 3 ("NCGMI"), James W. Keaton, Jennifer Keaton, and ACI Holdings, Inc. The Notice was personally
 4 served upon Edward Purvis and Maureen Purvis (collectively, "Purvis Respondents"), James Keaton
 5 and Jennifer Keaton (collectively, "Keaton Respondents"), and ACI Holdings, Inc. ("ACI Holdings")
 6 on October 4, 2006. The Purvis Respondents filed an Answer on October 11, 2006. The Keaton
 7 Respondents and ACI Holdings filed an Answer on October 16, 2006. The Purvis Respondents,
 8 Keaton Respondents and ACI Holdings are not subject to this Order.

9 The Notice was personally served upon Gregg L Wolfe and Allison A. Wolfe (collectively,
 10 "Wolfe Respondents") and NCGMI on October 4, 2006. The Notice specified that the Respondents
 11 had 10 days to request a hearing and 30 days to file an answer. Neither the Wolfe Respondents nor
 12 NCGMI requested a hearing or filed an answer within the required time.

13 An administrative hearing was held in the matter on November 13-15, 2007, November 26-
 14 29, 2007, December 3-6, 2007, January 22-23, 2008, and January 28-30, 2008. Neither the Wolfe
 15 Respondents nor NCGMI were present for any portion of the administrative hearing.

16 On July 23, 2008, the Division filed a Motion to Set Restitution Amount and Administrative
 17 Penalty.

18 * * * * *

19 Having considered the entire record herein and being fully advised in the premises, the
 20 Commission finds, concludes, and orders that:

21 FINDINGS OF FACT

22 1. NCGMI is a Nevada corporation sole¹ with its principal place of business in Maricopa
 23 County, Arizona. NCGMI is not registered with the Commission's Corporations Division to conduct
 24 business within or from Arizona.
 25
 26

27 ¹ Nevada Revised Statute § 84.010 defines a "corporation sole" as a corporation "formed for the purpose of acquiring,
 28 holding, or disposing of church or religious society property, for the benefit of religion for works of charity, and for public worship, in the manner provided in this chapter."

1 2. Mr. Wolfe is an individual residing in Maricopa County, Arizona and is an officer of
2 NCGMI.

3 3. Mr. Wolfe directed the business affairs of NCGMI.

4 4. At all times relevant, Gregg L. Wolfe and Allison A. Wolfe were married. Mr. Wolfe
5 acted for the benefit or in furtherance of the marital community.

6 5. Mr. Wolfe told offerees and investors that he accumulated personal wealth through his
7 investments. Mr. Wolfe also represented to offerees and investors that they could achieve the same
8 financial success he experienced by investing with him.

9 6. From about January 2002, Mr. Wolfe offered and sold unregistered securities in the
10 form of investment contracts and company stock to investors, within and from Arizona.

11 7. Mr. Wolfe told offerees and investors he offered at least two investment opportunities;
12 namely, bridge loans and stock.

13 **BRIDGE LOAN INVESTMENT OFFERING**

14 8. Some offerees and investors entered into investment contracts, in the form of bridge
15 loans, with NCGMI based, in part, on the verbal promise by Mr. Wolfe to repay the principal amount
16 invested plus interest ("Bridge Loan Investment Offering").

17 9. Mr. Wolfe represented to some offerees and investors that the investments would be
18 used to fund short-term, high interest bridge loans to small companies which would provide the
19 investor with an annual return of 24 percent at the rate of 2 percent per month.

20 10. Mr. Wolfe represented to at least one offeree and investor in the bridge loan program
21 that their investment in NCGMI was guaranteed. Mr. Wolfe told some offerees and investors that the
22 bridge loan investment was secured by personal guarantees and assets belonging to the officer of the
23 company borrowing the funds.

24 11. In some instances, Mr. Wolfe and NCGMI provided investors with monthly statements
25 detailing their investment account activity including the type of investment and the amount invested.

26 12. Mr. Wolfe suggested to some investors that they should refer to their investments with
27 him as "donations" rather than investments, even though the investor expected a return.
28

1 13. Mr. Wolfe advised some offerees and investors to form their own corporation sole.
2 Mr. Wolfe charged investors a fee to prepare the documents necessary for the investor to form a
3 corporation sole.

4 14. Mr. Wolfe told offerees and investors that a corporation sole would reduce the income
5 tax liability they may be required to pay on their investment returns. For those investors who formed
6 corporation soles, Mr. Wolfe represented to them that he would make the investor's investment
7 returns payable to the investor's corporation sole rather than the investor.

8 15. Mr. Wolfe deposited investor funds from the bridge loan program into a NCGMI bank
9 account and, in some instances, used the proceeds from the account to pay investor returns and pay
10 other expenses which investors had not approved.

11 **ACI HOLDINGS' COMMON STOCK OFFERING**

12 16. Mr. Wolfe offered and sold stock in ACI Holdings, an Arizona corporation, to offerees
13 and investors ("Common Stock Offering").

14 17. Mr. Wolfe represented to offerees and investors that the price for the stock in ACI
15 Holdings was \$.80 per share. Mr. Wolfe told offerees and investors that the value of ACI Holdings'
16 stock would increase four to five times its purchase price after the company became publicly traded
17 in 12 to 18 months from the date of their investment.

18 18. Mr. Wolfe represented to offerees and investors who purchased company stock in ACI
19 Holdings that their investment was guaranteed.

20 19. Mr. Wolfe told offerees and investors who wanted to invest in ACI Holdings to open a
21 self-directed individual retirement account (IRA) and deposit their investment funds into the IRA
22 account. Mr. Wolfe then instructed offerees and investors to designate Respondent Edward Purvis as
23 the designated representative for the IRA account. This gave Respondent Edward Purvis authority to
24 invest the funds in the IRA account on behalf of the investor.

25 20. The Bridge Loan Investment Offering and the Common Stock Offering were not
26 registered pursuant to Article 6 or 7 of the Securities Act, nor were the securities exempt from
27 registration.

28 21. NCGMI was not registered as dealer or salesman under Article 9 of the Securities Act.

22. Mr. Wolfe was not registered as a dealer or salesman under Article 9 of the Securities Act.

23. Mr. Wolfe and NCGMI are jointly and severally liable for the above violations of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. The Wolfe Respondents and NCGMI did not request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-307.

3. As stated in the October 3, 2006, Notice of Opportunity (which Notice of Opportunity was personally served on the Wolfe Respondents and NCGMI on October 4, 2006), the failure to timely request a hearing and file an answer allows the Commission to enter an Order against the Wolfe Respondents and NCGMI, without a hearing, granting the relief requested by the Division in the Notice of Opportunity.

4. Mr. Wolfe and NCGMI offered or sold securities within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21) and 44-1801(26).

5. Mr. Wolfe and NCGMI violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

6. Mr. Wolfe and NCGMI violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

7. Mr. Wolfe and NCGMI violated A.R.S. § 44-1991 by (a) employing a device, scheme or artifice to defraud; (b) making untrue statements or misleading omission of material facts, and (c) engaging in transactions, practices or a course of business which operate or would operate as a fraud or deceit. Mr. Wolfe's conduct included:

- a) representing to offerees and investors that ACI Holdings would become a publicly traded company when, in fact, steps had not been taken for the company's stock to be publicly traded;

1 payable to the "State of Arizona" and will be placed in an interest-bearing account maintained and
2 controlled by the Commission. Any funds that the Commission determines it is unable to, or cannot
3 feasibly, disburse shall be transferred to the general fund of the State of Arizona.

4 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that Gregg L. Wolfe, Allison A.
5 Wolfe, and NCGMI shall, jointly and severally, pay an administrative penalty in the amount of Two-
6 Hundred And Fifty Thousand Dollars (\$250,000). Payment shall be made in full on the date of this
7 Order to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10
8 percent per annum from the date of this Order until paid in full. The payment obligations for these
9 administrative penalties shall be subordinate to any restitution obligations ordered herein and shall
10 become immediately due and payable only after restitution payments have been paid in full or upon
11 Respondent's default with respect of Respondent's restitution obligations.

12 IT IS FURTHER ORDERED that a bankruptcy filing by Gregg L. Wolfe, Allison A. Wolfe,
13 or NCGMI shall be an act of default. If Gregg L. Wolfe, Allison Wolfe or NCGMI does not comply
14 with this Order, any outstanding balance shall be deemed in default and shall be immediately due
15 and payable without further notice.

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IT IS FURTHER ORDERED that if Gregg L. Wolfe, Allison A. Wolfe or NCGMI fails to comply with this Order, the Commission may bring further legal proceedings against that Respondent, including application to the Superior Court for an order of contempt.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, 2008.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

SERVICE LIST FOR:

GREGG L. WOLFE; ALLISON A. WOLFE; and
NAKAMI CHI GROUP MINISTRIES
INTERNATIONAL, (a/k/a NCGMI), a Nevada
corporation sole

DOCKETS NO.:

S-20482A-06-0631

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